

Attachment 1

Letter from Michael Osacky

What goes into valuation/grading a card

Valuing a card is the assigning of value based on the condition – graded or ungraded.

Grading Process

Grading a trading card can be very subjective in nature. This is because a human is actually doing the grading and not a robot or machine. The first objective for any card being graded is to determine if it's authentic or not. There are different tools and general awareness that can be used to determine if a card is genuine or not. For example, with the 1986 Fleer Michael Jordan rookie card #57, there are different colors used. There is a decimal on the back that is important and also crispness of the Bulls logo are both important to determine if the card is authentic or not. In other cases, there may just be one or two details used to determine authenticity. In many cases, card stock is important. The card stock changed over the decades and so did the materials used to produce the card stock. For example, I should not see a 1933 Goudey Baseball Card with bright white borders. The polymers used to produce the "shine" did NOT exist in 1933. There are also several other ways to determine if a 33 Goudey card is authentic or not. Example, does the font bleed from back to front? What is the thickness of the card? Etc. Some grading companies use AI (Artificial Intelligence) to review cards for alterations, etc.

If a card is deemed a reprint or counterfeit, it is marked appropriately on the plastic holder and then returned to the customer. If the card is genuine, it now moves on to the second step of the grading process. Each card is measured to make sure the card measures correctly. Back in the 1950s and 60s, there wasn't any quality control so sometimes cards came off the printing press miscut or severely off centered. Measuring also detects alterations to the edges/corners.

Next, there are 4 main factors that go into assigning a numerical grade for a card. (Corners, edges, surface, centering) Just because a card has been untouched for 50 years, doesn't mean it's in mint condition. The corners may be soft from sloshing around in a shoebox for 50 years. Or, it may have been printed off centered from the card manufacturer.

Card grading is subjective, but there are specific criteria needed for each grade. For example, for a card to be graded a perfect GEM MINT 10, it must exhibit 4 perfectly sharp corners. It also must exhibit sharp focus and full original gloss. There can be no staining of any kind whatsoever. Must be centered 55/45 on front and 75/25 or better on the reverse.

Valuation

Generally, pre 1975 cards have more value than post 1975. The technology of the printing press changed in the mid-1970's which allowed the card manufacturers to mass produce trading cards around the clock 365 days per year. In the late 1980's, the hobby was experiencing a boom and many wanted to capitalize. Dozens of card manufacturers started to produce trading cards which led to overproduction and slowing demand. For many years, there was just one or two sets to collect. Now you had over a dozen and many hobby enthusiasts became disenfranchised and left the hobby. 1987-1994 has been termed the "junk wax" era. Everybody has these cards sitting in a closet and nobody wants to buy them. They are essentially worthless because billions were produced and there is zero demand for them in today's market.

There are reprints, forgeries, altered cards, etc. that have circulated for decades. Many do not even know they own cards that are not genuine or have been altered. Everybody inflates the

value of what they own. It's an inherit bias. Just think about selling your house or car. You ask a certain price and then you most likely have to negotiate lower with a buyer. The same is true about trading cards.

When card grading started 30 years ago, it had an immediate benefit to the hobby. It brought buyers and sellers together in a way that had not been done before. When a card is graded a 3, both the buyer and seller know what that means. (The seller can no longer lie or inflate the condition of his/her card)

A 1979 Wayne Gretzky OPC Hockey Card PSA 10 sells for millions of dollars. There were hundreds of thousands of these cards printed. However, only 2 have ever graded a perfect 10 by PSA. People will see the national news headline that the Gretzky card sells for millions of dollars. They automatically think that the card they own is also millions of dollars. It's just not true. The person will need to have card graded by PSA. And the likelihood that the card is graded a perfect 10 is slim to none. The likelihood for any card that is 40 years old or older to grade that high is super small.

Most of my work is assigning values to ungraded collections of cards. For many cards, there are comps that can be used in the last 12 months. However, there are some rare or unique cards that haven't been sold recently or have never been sold. This is true with manufactured scarcity cards. These are cards that have been produced from the manufacturer in small quantities and numbered as such. For example, 1/1 or 1/5. To estimate values for these cards, I would have to look for comps of a similar card but different player. Depending on what I am looking at, not each card needs to be reviewed. For example, a 1990 Score baseball card set has 704 cards. A factory sealed set might be \$10. Therefore, it's not worth my time to review each card.

Finally, the values assigned to a card differ based on the objective. If a card is being appraised for donation purposes, the appraiser must use FMV. (Fair Market Value). FMV is the current market value. (What the card sold for recently.) If a card is being appraised for insurance purposes, the appraiser uses RRV (Retail Replacement Value). RRV slightly inflates the values in today's market because we don't know at what point in the future a claim will be made with the insurance company. A hurricane could hit tomorrow, or somebody breaks into your home next year and steals your trading cards. When the insurance company replaces the card, they typically cut a check and don't actually purchase the exact card that was damaged or stolen. Therefore, they look at what is being asked on the open market (and not recently sold).

Michael Osacky
Baseball in the Attic
www.baseballintheattic.com